

The Gazette



of India

EXTRAORDINARY

PART I—Section 1

PUBLISHED BY AUTHORITY

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No. 24] NEW DELHI, MONDAY, FEBRUARY 4, 1963 / MAGHA 15, 1884

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MINISTRY OF COMMERCE AND INDUSTRY

PUBLIC NOTICE

IMPORT TRADE CONTROL

*New Delhi, the 2nd February 1963*

SUBJECT—*Import of Capital goods from France under the French credit.*

**No 10-ITC(PN)/63.**—The Government of France have made available a credit for import of capital goods from France. The detailed financial conditions applicable to the orders under the credit are given in Annexure I to this Public Notice. Licences to be issued for import of capital goods from France under French Credit for contracts of delivery periods between 6 to 24 months will be subject to the revised licensing conditions given in Annexure II to this Public Notice.

2 According to condition (6) of the financial conditions applicable to the French credit as given in Annexure I to this Public Notice, the pre-shipment financial charges will be paid for in cash in French francs by the Indian importers to the French suppliers or exporters in the manner indicated therein. The pre-shipment financing charges are payable only for the transactions where such charges have not been included in the prices quoted by the French suppliers or exporters. The pre-shipment financing charges will not be payable in the case of five contracts detailed in Annexure III to this Public Notice for which the prices quoted already include the pre-shipment financing charges.

K. T. SATARAWALA,

Chief Controller of Imports and Exports.

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ANNEXURE I TO MINISTRY OF COMMERCE AND INDUSTRY  
PUBLIC NOTICE NO. 10-ITC(PN)/63, DATED 2ND FEBRUARY 1963.

FINANCIAL CONDITIONS APPLICABLE TO THE FRENCH CREDIT

**1. Break up of contracts' values under French Credit.**—Contracts for the sale of capital goods to India under the French Credits will separately exhibit the following elements:—

- (a) price of equipment and goods, at FOB or CIF value whichever be the case
- (b) pre-shipment financing charges, as defined in paras 2 and 4 below;
- (c) insurance—credit charges, as defined in para 7 below;
- (d) interest charges on outstanding principal, as defined in para 8 below.

2. **Definition of pre-shipment financing charges.**—In respect of contracts for the sale of capital goods and equipment involving a period of delivery extending from 6 to 24 months, pre-shipment financing charges amounting to 4·5 per cent. of the contract's value per year will be paid by Indian buyers to French suppliers or exporters. These charges are payable only for the transactions where these charges have not been included in the prices quoted by the French suppliers or exporters.

3. **Contracts involving delivery period longer than 24 months.**—In respect of transactions involving delivery periods of more than 24 months, the amount of pre-shipment financing charges will be settled on a case by case basis.

4. **Mode of calculation of pre-shipment financing charges.**—Pre-shipment financing charges will be calculated by applying the rate of 4·5 per cent. per annum to the foreign exchange FOB value indicated in the contract and approved by the Indian and French authorities, for a period extending from the date from which the contract became effective till the date of final delivery or completion of erection as stipulated in the same contract.

5. **Date from which a contract becomes effective.**—In regard to import contracts made by public-sector authorities or Government companies, the contracts will be notified by the Department of Economic Affairs, Ministry of Finance, Government of India to the Counsellor for Economic Affairs, French Embassy, New Delhi, and such contracts will be deemed to become effective thirty (30) days from the date of the said notification provided that no objection is raised in the meantime either by the Ministry of Finance, Government of India or by the Counsellor for Economic Affairs, French Embassy, New Delhi.

In regard to import contracts made by private sector companies or firms, these contracts will be deemed to become effective thirty (30) days after the date on which the guarantee given to it by the Industrial Finance Corporation or any other institution acceptable to the French authorities, will have been notified by the Guarantor to the Counsellor for Economic Affairs, French Embassy, New Delhi, provided that no objection is raised in the meantime either by the Ministry of Finance, Government of India or by the Counsellor for Economic Affairs, French Embassy, New Delhi.

6. **Payment of pre-shipment financing charges.**—The pre-shipment financing charges as calculated in para 4 above will be paid for in cash in French francs by the Indian importers to the French suppliers or exporters as follows:—

(a) In respect of deliveries upto and including 15 months, the pre-shipment charges will be paid for on the date of financial delivery or completion of erection as stipulated in the contract.

(b) In case of deliveries exceeding 15 months but upto and including 24 months, the first instalment of such charges covering from the date from which the contract became effective upto 12 months will be paid at the end of the said 12 months and the balance on the date of final delivery or completion of erection as stipulated in the contract.

7. **Credit-insurance charges.**—Credit-insurance charges will be paid for separately by Indian importers or buyers and be in addition of other financial charges.

Credit-insurance charges are calculated on the basis of the rates applied by (COFACE Compagnie Française d' Assurance pour le Commerce Extérieur) on the outstanding amount of principal and interest and will be payable at the time of each instalment towards repayment of principal. Compagnie Française d' Assurance pour le Commerce Extérieur will hand out, when delivery of the goods will have been completed, a certified proforma invoice exhibiting the definite amount of premia to be paid by the buyer to its supplier and remittances towards these credit-insurance charges will be authorised accordingly.

8. **Payment of interest on principal.**—A rate of interest of 5% per annum is to be paid by the Indian importer or buyer, by half-yearly instalments as and when instalments of principal fall due.

These interest charges will be calculated at the rate of 5% per annum on the outstanding value of each contract. Provision should be made in each contract to indicate the date of final delivery or completion of erection which shall be deemed to be the starting date for repayment of principal and interest.

ANNEXURE II TO MINISTRY OF C. AND I. PUBLIC NOTICE No. 10-ITC(PN)/  
63, DATED 2ND FEBRUARY, 1963

CONDITIONS FOR LICENSING UNDER THE FRENCH CREDIT FOR  
CONTRACTS OF DELIVERY PERIODS BETWEEN 6 TO 24 MONTHS

1. The licence will be issued within an initial validity period of six months only and can be revalidated only on the basis indicated under condition (2) below.

2. Orders on deferred payment basis must be placed on the suppliers in France within three months from the date of issue of the licence. The licence may be submitted to the Chief Controller of Imports and Exports for revalidation only after orders have been placed, and on the basis of the dates of delivery of equipment indicated by the suppliers.

3. The contract should provide that it is subject to the approval of the Indian and French authorities concerned for financing under the French Credit. The French Credit would take the form of a guarantee by the *Compagnie Française d'Assurance au Commerce Extérieur* on credits granted by French suppliers to Indian buyers for purchases approved by both Governments.

4. The contract should provide for the following payment terms:—

- (a) *Initial payments before final delivery or completion of erection.*—Down payment not exceeding 1 per cent. per annum will be calculated from the signing of the contract till the time of final delivery (or completion of erection), but the total down payments shall in no case exceed 5 per cent. of the amount of the contract. A small initial payment may be made on signature of the contract, if required, and the balance at the time of final delivery or completion of the assembly. Provision should be made in individual contracts to indicate the date of final delivery or completion of erection, which date shall be taken into account for purpose of repayments. Indian importers may obtain suitable guarantees, if necessary, from French suppliers, in order to safeguard the position in this matter.
- (b) Balance will be paid in equal instalments over a period of 10 years from the date of final delivery or completion of assembly. The total duration from signature of the contract to the end of the 10-year term will not exceed 13 years in the case of delivery contracts, or 15 years in the case of assembly of an industrial unit by a French supplier. Should the contract specify a delivery period of more than three years or a delivery and assembly period of more than 5 years, the 10-year term would run from the date specified in the contract for final delivery or completion of erection.
- (c) Interest not exceeding 5 per cent. per annum will be calculated from the date of shipment on outstanding balance of the principal. The cost of credit-insurance will be in addition to interest charges and will be charged separately by the French suppliers. Pre-shipment financing charges will be calculated at 4.5 per cent. per annum on the FOB value of the contract.

[A note giving details of the various financial conditions under the French credit is given in Annexure I to Ministry of Commerce and Industry Public Notice No. 10-ITC(PN)/63, dated 2nd February, 1963].

5. Within a fortnight of the placing of orders, a report should be sent to the Department of Economic Affairs, Foreign Credits II Section, Ministry of Finance, North Block, Central Secretariat, New Delhi supported by the following information:—

- (a) Name and address of the importer;
- (b) No., date and value of the licence;
- (c) Name and address of the French supplier;
- (d) Value of the order;
- (e) Short description of the goods to be imported;
- (f) Terms of payment under the contract; and
- (g) A schedule showing probable dates on which payments under the contract will fall due.

6 Within a month of the placing of the order, the licensee should send four copies of the contract to the Department of Economic Affairs (Foreign Credits II Section)

ANNEXURE III TO MINISTRY OF C AND I PUBLIC NOTICE No 10-ITC(PN)/63,  
DATED 2ND FEBRUARY 1963

- 1—Government of Mysore/Ets Neyrpic  
Object Supply of 6 turbines for the Sharavati project
- 2—Metal Corporation of India/Group of French firms  
Object Supply of mining equipment
- 3—DELLE/Andhra Pradesh State Electricity Board  
Specification A P T 41/59  
Object Supply of H T Switchgears
- 4—DELLE/West Bengal State Electricity Board  
Specification TD—7  
Object Supply of H T Switchgears
- 5—DELLE/Madras State Electricity Board  
Parambikulam Scheme  
Specification R 609  
Object Supply of H T Switchgears

PUBLIC NOTICE  
IMPORT TRADE CONTROL

*New Delhi, the 4th February 1963*

SUBJECT—*Licensing of artsilk yarn etc. under the Export Promotion Scheme for hosiery and other non-fabrics artsilk and/or synthetic yarn textile products.*

**No. 11-ITC(PN)/63.**—Reference is invited to Public Notice No 134-ITC(PN)/62, dated the 5th October, 1962 and Public Notice No 140-ITC(PN)/62 dated the 16th October 1962, regarding licensing of artsilk yarn, etc under the Export Promotion Scheme for hosiery and other non-fabric artsilk/synthetic products. It has been decided that the following sub paragraphs may be added after the existing sub-paragraph 2(c) of paragraph 2 of the Public Notice No 134-ITC(PN)/62, dated the 5th October, 1962—

‘(d) 50 per cent of the import entitlement for artsilk and/or other synthetic yarn may be utilised for the import of doubled and stretched yarn”

‘(e) *Embellishments*: Embellishments such as zip fasteners, rubber thread and buttons may be allowed to be imported upto 5 per cent of the face value of the licences granted”

D R SUNDARAM,  
Chief Controller of Imports and Exports